The new decade creeps in and the new century approaches, a time has come to reflect upon and predict the consumer's behavior in the marketplace. Many things have changed since the end of mass marketing and the beginning of market segmentation. Under mass marketing, Henry Ford gave the consumer the Ford in any color as long as it was black. After World War II, marketers switched from making products they wanted to making products the consumer wanted. Finding out what the consumer wants to purchase and why is what consumer behavior is all about.

Our theoretical models (see Figure 1) of how consumers make purchase decisions have evolved from the economic paradigm of the 1940s, through the irrational consumer of the 1950s and 1960s, to the information processor of the 1970s, up to the 1980s cognitive miser. Tomorrow's consumers will undoubtedly have a distinctive theoretical decision model that will grow out of the future decision making environment. It is the purpose of this article to outline that future. But first, let us take a brief look at how the study of consumer behavior has evolved since its inception.

**THE ECONOMIC PARADIGM**

The 1940s view of the consumer in the marketplace was rooted in economic theory. Most scholars of economics probably still hold to the theory of Economic Man. In

<table>
<thead>
<tr>
<th>Decade</th>
<th>Type of Decision Maker</th>
<th>Exemplar</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940s</td>
<td>Economic man</td>
<td>• Fitting of demand equations to products (statistical analyses of past data) (Telser 1962)</td>
</tr>
</tbody>
</table>
| 1950s  | Irrational consumer    | • Hidden meaning of goods (Haire 1950)  
|        |                        | • Use of projective techniques (Dichter 1964) |
| 1960s  | Transition from irrational consumer to problem solver | • Hierarchy of effects model (cognitions to attitudes to behavior) (Palda 1966) |
| 1970s  | Problem solver         | • Prepurchase information seeking (Newman and Staelin 1972)  
|        |                        | • Labeling of products (Asam and Bucklin 1973) |
| 1980s  | Cognitive miser        | • The cost of thinking (Shugan 1980)  
|        |                        | • Low involvement decisions (Hoyer 1984) |
| 1990s  | Collective decision maker | • See Figure 2 |
this paradigm, purchasing decisions are the result of largely "rational" and conscious economic calculations. The individual buyer seeks to spend his income on those goods that will deliver the most utility (satisfaction) according to his tastes and relative prices. This is a normative rather than a descriptive model of behavior, because logical norms are provided for buyers who want to be "rational."

The model suggests useful behavioral hypotheses, such as: (a) the lower the price of the product, the higher the sales; (b) the lower the price of substitute products, the lower their sales; (c) the lower the price of complementary products, the higher their sales, provided they are not "inferior" goods; and (d) the higher the promotional expenditures, the higher the sales. In striving to meet these hypotheses, consumers are not only assumed to be aware of all available alternatives in the marketplace; they are also assumed to be able to rationally rank order the available alternatives by preferences. This is the case of perfect information in the marketplace and unlimited ability of the consumer.

In applying these assumptions to actual consumption, several problems became apparent. First of all, consumers do not have perfect information in the marketplace. Second, they do not all have the same information about the existing alternatives or attributes of known alternatives. Instead, each consumer has fragmented knowledge of his or her own set of known alternatives; as a result, consumers can not always rank a set of alternatives available to them. In addition, preferences often violate utility theory, because different people prefer different styles, have different tastes, and hence make choices built on preferences rather than objective information such as price.

Problems arise with applying economic theories to gifts. Increasing the price of goods may actually make them more desirable, defying basic economic theory. Hence, inverted demand curves reflect products where increasing prices stimulate increasing sales. Perfume is a perfect example of this type of good. Most perfume or cologne is bought as a gift, and the connotations of bringing home a $2 bottle of cologne or a $50 bottle for a loved one are implicit. A relationship may not last upon receipt of the cheaper good. Hence the economic model ignores the fundamental question of how product and brand preferences are formed.

THE IRRATIONAL CONSUMER

After becoming aware that goods have "hidden meaning," scholars of consumer behavior in the 1950s took to the notion of the consumer as an irrational, impulsive decision maker. Consumers were seen as passive, open, and vulnerable to external influences. This position was an obvious reaction to the "economic man" and also represented a time when business schools were developing. Earlier, faculty trained in economics were the first to be hired, but in the 1950s psychologists were added to the payroll. Their insights from Freud to Maslow, from personality to motivation theory, seemed ever so relevant to our study of the consumer.

The two major psychological theories underlying this era were the Pavlovian learning model and the Freudian psychoanalytic model. The Pavlovian model is based on four central concepts—those of drive, cue, response, and reinforcement. Drive or motives can be primary, such as hunger and sex, or secondary, such as fear. A drive is very general and impels a particular response only in relation to a particular configuration of cues. The Pavlovian model emphasizes the desirability of repetition in advertising. Repetition fights the tendency for learned responses to weaken in the absence of practice and provides reinforcement.

The model also provides guidelines for copy strategy. To be effective as a cue, an advertisement must arouse strong drives in the person. For candy bars, it may be hunger; for safety belts, fear; for hair tonics, sex; for automobiles, status.

In the Freudian psychoanalytic model, the guilt or shame man feels toward his sexual urges causes him to repress them from his consciousness. Through rationalization and sublimation, these urges are denied or become transmuted into socially approved expressions. These urges are never eliminated or under perfect control and they emerge in dreams, in slips of the tongue, or in neurotic or obsessive behavior.

Because of these urges, the consumer's motivations for behavior are not obvious or deeply understood. As a result, Freudian psychology gave consumer behavior the tool of in-depth interviewing to get at the motives and symbols behind a purchase. If a consumer is asked why he purchased an expensive foreign sports car, he may reply that he likes its maneuverability and its looks. At a deeper level he may have purchased the car to impress others, or to feel young again. At a still deeper level, he may be purchasing the sports car to achieve substitute gratification for unsatisfied sexual strivings.

Other Freudian consumer research findings included men wanting their cigars to be odiferous to prove they were masculine, and women
being very serious when baking cakes because unconsciously they were going through the symbolic act of birth. These theories were certainly more interesting reading than the graphs and curves of economics.

One major study of this era (Haire 1950) found that when a shopping list included instant coffee rather than drip grind, the owner of the list was perceived to be a very different person. The owner of the list with instant coffee was lazy, a poor planner, a spendthrift, and a bad wife. Meanwhile, the owner of the list with drip coffee was perceived to be thrifty and a good wife. Fortunately a replication of this study was done in 1970 and housewives were no longer regarded by their coffee (Wilkie 1986). However, Haire's study provided good insight to the fact that products have meaning and significance that go far beyond the physical attributes of the products themselves. Furthermore, they were thought to be a major influence on consumer decisions. To tap into the consumers' hidden motives for purchase, more indirect methods of data gathering were necessary.

Toward the end of the 1950s an empirical article started to throw doubt on the heavy reliance on psychological perspectives. A study by Evans (1959) sought to determine the personality characteristics of Ford versus Chevrolet owners. In the 1950s these were the major automobile manufacturers. Wider choice and Japanese imports did not exist. If the differences between the cars were not major, the train of thought was that the personality of the owner must be significantly different and motivate the consumer to buy one brand or the other. A carefully controlled survey of personality characteristics of 1,600 owners of Fords and Chevrolets showed no major significant differences in personality characteristics of the car owners. The importance of this line of behavioral research to consumer products was questioned. By this time, in the early and mid-1960s, business schools were producing their own scholars and faculty. Researchers were trained by business schools rather than only economics and psychology departments. Researchers of consumer behavior gained from this marriage of economics and psychology and began to develop their own theories of the consumer.

THE PROBLEM SOLVER

In the 1960s John Kennedy became president of the United States and gave the consumer elevated status. In his message to Congress on March 15, 1962, he put forth the Consumer Bill of Rights (1963) as a social contract between business and society. Government was the ultimate guarantor of these rights, which included the right to safety, the right to be informed, the right to choose, and the right to be heard (redress). The government took Kennedy seriously and began an activist role.

The marketplace was becoming more diversified. The concept of market segmentation became even more important. Goods that the consumer wanted were now being produced, rather than just the goods the manufacturer wanted to make. Choice prevailed for the consumer, and the consumer was recognized by the highest official in the country. Consumers had the right to be informed and protected.

The government poured millions of dollars into departments whose goal was to make sure the consumer had access to information. The Federal Trade Commission flourished. Labels were put on products listing all ingredients. Advertising was regulated and measured; if it was misleading, then corrective advertising was necessary. Information was in great supply to the consumer. Ralph Nader, with his book Unsafe At Any Speed, emerged as the hero of the 1970s, taking on corporate giants in the name of the little man. Consumerism was everywhere.

As a result of this environment, consumer behavior researchers started to see the consumer as a "cognitive man." The irrational psychotic purchaser of the 1950s and early 1960s was left behind. The consumer was now a problem solver. He or she was receptive to products or services that consciously met his or her needs. Consumers were thought to actively search for information about the products and services they bought. Consumer Reports was born. Consumers were seen as striving to make the best decisions possible given their limitations.

However, consumer researchers told us that even though consumers are given information, they often fail to use it to make decisions. In an initial experiment (Jacoby, Speller, and Kohn 1974) and a follow-up (Scammon 1975), consumers were given objective product information concerning several brands available in the marketplace. The results of the first study showed that consumers felt better about their brand selections with more information, but actually made poorer choices. The study by Scammon corrected for weaknesses in the original study but still found that recall of product attributes decreased with increasing information. Consumers were still limited by the extent of their knowledge about...
the marketplace and their capacity to store information about the marketplace in short-term memory. Miller's (1956) rule of seven (plus or minus two) pieces of information as cognitive capacity held for the consumer.

The information in the marketplace was not organized for the ease of the consumer. Unit pricing was fine, but comparing prices across brands and sizes for products was quite a challenge. Only when unit prices were posted on one sheet in a simple linear manner by decreasing prices across all sizes and brands did the consumers shift in their decision making toward lower-priced brands. You can imagine the national brand manufacturer's enthusiasm toward presentation of this information at point of purchase.

The overriding conclusion of consumer research in the 1970s was that people can only attend to limited information at one point in time. The consumers' existing skills, habits, reflexes, values, and goals shape the way they search and use information to make their decisions. The 1970s told us that consumers' skills were limited, but at the same time the number of choices available to the consumer kept increasing. More and more choices became available in the 1980s.

**THE COGNITIVE MISER**

Today's consumer uses decision-making skills originally developed in the 1970s, but the 1980s consumer went farther than just recognizing man's cognitive limitations. Researchers have labelled the low-involvement decision maker (or cognitive miser) as unable or unwilling to engage in extensive decision-making activities in many cases and settle instead for "satisfactory" decisions (Olshavsky and Granbois 1979). There is too much choice and not enough discretionary time to engage in extended cognitive effort for purchases. Instead the consumer develops rules of thumb or heuristics to simplify purchase behavior. An in-store study showed that consumers go through almost no brand price comparison behavior (Hoyer 1984). Rules such as "buy the cheapest," "buy name brands," or "buy what my friend bought" give the consumer a satisfactory choice in the marketplace that supplants an optimal choice. This is a very adaptive and rational course for the consumer to have taken in the 1980s, given the cluttered choice environment with little time for decision making and virtually no support in information handling. The cost of thinking was recognized as a limiting factor in processing choices.

The 1980s brought a focus on business and conservatism, and many came to feel that governmental regulation was more of a hindrance than a help. This was expressed in the election of Ronald Reagan. As quickly as Kennedy had made the consumer important, Reagan made him unimportant. With strokes of a pen, the FTC experienced a sharp reduction in its budget and influence. Whole departments set up by the government to service the consumer were abandoned. Consumer programs developed for the 1970s folded.

The 1980s were for business. This focus was a result of several factors. First, the "baby boomer bulge" had a greater number of people for a smaller number of jobs. In the early 1970s a college graduate decided what job to take, or perhaps a trip to Europe, then work. In the early 1980s the concern was for getting any job at all. The economy was slow and competition was stiff. Business looked to the MBA to turn companies around. The student was serious and conservative due to the competitive environment. Business and engineering were in; the humanities were out. The marketplace became more competitive, more diversified. Deregulation prevailed.

Too many goods cluttered too many store shelves for the consumer. For example, the average number of products in supermarkets soared from 13,000 in 1981 to 21,000 in 1987. There are said to be 400 different brands of beer available to the American beer drinker. A new car purchaser might have 300 different types of cars and light trucks, domestic and imported, to choose from.

Along with the "over choice" and market diversity of the 1980s came decreased leisure time for the consumer, not more leisure time as predicted in the 1940s. The number of free hours a person possesses decreased from four to one since the 1970s. The reason for this is that the average time spent at work has increased seven to eight hours a week since 1978 (Stern 1987). More than 50 percent of all women are working, so household duties are done after 6 p.m. or on weekends. Single working mothers have virtually no free time and can't take care of all they want to do. This scenario has led to a demand for convenience products and convenience shopping. Home catalogs, home TV shopping, home computer shopping, and home shopping parties are part of this easier access to goods that will prevail in the 1990s. The efficiency of in-home shopping, especially through direct marketing, is exemplified by the fact that American Express sold 7 percent of all the luggage bought in the U.S. by sending mailings to affluent cardholders whose charge records showed they spent heavily on travel-related merchandise.

Thus the cognitive miser of the 1980s is a product of decreased time for shopping decisions and increased choice in the marketplace. It is an adaptive strategy to suit the decision-making environment.
THE COLLECTIVE BUYER OF THE 1990S

The focus on individual decision processes for personal purchase of products and services will be replaced by a more collective decision-making style during the 1990s. This will be caused by the changing cultural patterns of North America combined with the decrease in purchasing power of the individual consumer. The culture of North America is changing due to: (1) the rapid increase in the percent of elderly people who are neither healthy nor wealthy; (2) the aging of the baby boomers, causing a shift in values and needs; and (3) increased immigration from Asian cultures with high birth rates to offset the North American decline in population. All three categories of this cultural shift will have to rely on joint decisions for purchase of goods and services, since goods and services will be shifting to a collective consumption style rather than individual consumption in the North American marketplace.

Individuals will combine households in an increasing rate to make life more affordable. The evidence that this joint living may be a trend for the future is exemplified by the fact that 6.2 percent of all employed people are working two jobs, mainly to meet living expenses. When the economy turns down these extra jobs will not be available, and people will have to decrease their standard of living to meet day-to-day expenses. More unmarried people will share apartments, more single-parent families will couple up, and more children will live at home longer. Thus, more people will be sharing consumer goods just due to living arrangements. Also, through the changing face of North American consumers, the marketplace will continue to change and supply more and more services for these groups (see Figure 2). The changing face of the consumer will alter the marketplace and the mode of decision making.

Seniors

Much has been written about the marketing opportunities for the senior segment. Right now approximately 7.3 percent of the population is over 65. By the year 2000, this group will increase by 20 percent, making it the fastest-growing segment of our population. This is one reason why marketers focus on the elderly. However, this group is not all that wealthy or all that healthy. It is estimated that 80 percent of people over 65 have chronic health problems, and 16 percent have severe physical problems. One in five Americans over the age of 85 resides in a nursing home.

The financial burden of caring for these people will be borne by extended families where possible. However, a good portion of these people will be without nearby sons and daughters to attend to them. The state will take on this responsibility in the way of retirement and nursing homes and also specially designated prisons for the elderly. A recent Wall Street Journal article ("Godfather of Soul..." 1989) reports a geriatric crime wave that appears to be sweeping the nation. The frustrations of poverty and uselessness have contributed to a 50 percent increase during the past four years in the number of inmates over 55. More people are on waiting lists trying to get in than there are prisoners trying to get out. The elderly eat regularly in prison and are medically taken care of. At the South Carolina State Park Correctional Center, a full-time doctor writes an average of 925 prescriptions a month, and 13 nurses are on duty around the clock. The collective responsibility of the society for its poor elderly will be a major concern.

A full one-third of this market can be a delight to the sellers of goods and services, with almost all of this group's income being discretionary. But two-thirds of those over 65 will be below or near the poverty line. Right now the average annual income is $14,000 for those over 65. This is about half the national mean income in the United States. Food and shelter will be the key concern for the majority of the elderly.

The products to serve this market will focus on health and health-care needs. Since a portion of these people will be helped by families and social services, decisions about their personal consumption will be made at times by the buyer of the good rather than the user. Since costs will

<table>
<thead>
<tr>
<th>Important Sector</th>
<th>Product/Service Mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Seniors</td>
<td>- Bland adult food products</td>
</tr>
<tr>
<td>- will increase by 20%</td>
<td></td>
</tr>
<tr>
<td>2. Baby boomers</td>
<td>- Recyclable packaging</td>
</tr>
<tr>
<td>- average age 45</td>
<td>- Video cameras to record children</td>
</tr>
<tr>
<td>3. Immigrants</td>
<td>- Larger packaging</td>
</tr>
<tr>
<td>- heavy Asian influence</td>
<td>- Larger houses</td>
</tr>
<tr>
<td></td>
<td>- More specialty food stores</td>
</tr>
<tr>
<td></td>
<td>- English courses (day and night)</td>
</tr>
<tr>
<td></td>
<td>- Acculturation courses</td>
</tr>
<tr>
<td></td>
<td>- Asian language courses</td>
</tr>
</tbody>
</table>

Correctional Center, a full-time doctor writes an average of 925 prescriptions a month, and 13 nurses are on duty around the clock. The collective responsibility of the society for its poor elderly will be a major concern.

A full one-third of this market can be a delight to the sellers of goods and services, with almost all of this group's income being discretionary. But two-thirds of those over 65 will be below or near the poverty line. Right now the average annual income is $14,000 for those over 65. This is about half the national mean income in the United States. Food and shelter will be the key concern for the majority of the elderly.

The products to serve this market will focus on health and health-care needs. Since a portion of these people will be helped by families and social services, decisions about their personal consumption will be made at times by the buyer of the good rather than the user. Since costs will
be shared, decisions will be shared regardless of who consumes the good.

**The Baby Boomers**

A full one-third of the population is bulging at middle age. In the year 2000 they will be 36 to 54 years old and at the middle of peak earnings. They are important to our view of consumer behavior because they will head 44 percent of all households and still account for a majority of purchasing power. Due to the conflicting structure of the population versus the corporate culture, there will be less moving around among this group, and they will be more stable in their jobs. Hence, their values and attitudes will change dramatically to reflect this stability. The collective decision-making style will be based on their stable environment.

**The change in values from me to we.** The changing values are apparent. In the near past, the conservative material ethic was necessary. In the 1960s and 1970s, the education system exploded. Wave after wave of baby boomers became educated. The early graduates got the good jobs. By the late 1970s and early 1980s we were dealing with the big group. The labor market was flooded with bachelor's degrees. Employment was a major concern. The educated focus in the early 1970s was "what job to take." In the early 1980s it was "would I get a job." No wonder the majority had a consumer conservatism, big-business outlook. They all wanted to get ahead and the environment was competitive. It was every man and woman for himself/herself.

Now a new problem is emerging that compels the baby boomers to be more stable. Organizations are typically pyramids—one president, several vice presidents, even more assistants, and so on. These pyramidal or triangular structures work extremely well when there is a triangular work force. What we have is a society in which the majority of lower to upper managers are between 34 and 44. This group can be seen as moving along without changing its structure. Those who are 34 will have to wait 20 years to get jobs in top management. Also, there are fewer younger workers around to take the jobs of those who are now 34 to 36. Structural organizations, which function on the presumption that there are a lot of people at the bottom and very few people at the top, work very well until there is nobody at the bottom. Now everyone wants to be boss and nobody exists to do the work.

In the 1990s there is little promise for baby boomers to get their promotions within companies; lateral moves and job switching are more likely to occur. Therefore, they will become more stable in their jobs, and they will look to the quality of life rather than material goods. Non-career issues will take up the energy previously put into material pursuits of the 1980s. People will increasingly derive their personal satisfaction from activities outside the work environment.

People are also reflecting on ethics. Business ethics will be a major retraining tool integrated into every business school's curriculum. A Wall Street Journal article ("Tombstone Test" 1989) cites that managers want to be remembered for ethics, not sales. Eulogies such as "never cheated anyone" or "hiring employees that others have shunned" are the hope of the 1990s businessperson.

**A change from needing things to wanting experiences.** Besides this change of values due to the shift in focus from the job to non-work issues, the aging baby boomers also bring a shift in needs and wants. Growing up required acquisitions. However, once homes and furniture and cars are bought and the group moves over the age marker of 40, needs and wants change from possessions to experiences. A recent Wall Street Journal consumer survey ("Little Wishes . . ." 1989) showed three-fourths of the 2,000 consumers surveyed say they've fulfilled most if not all of their material needs. That is one reason why those who haven't married or had children are anxious to do so. It is the last chance for women in their late 30s to experience motherhood.

People wishing to become respectable, ethical parents are turning from the me generation to the we generation. The BMW was nice, but that was the symbol of the 1980s. The 1990s are for children. This is the source for personal satisfaction. Whereas the 1970s and 1980s taught independence, now it is necessary to share and be married. The number of married couples as a percentage of new households in the U.S. leaped from 35 to 60 percent in the year ending March 1987. A full 25 million American baby boomers will become first-time parents in the 1990s. This shift in focus to the home is another reason why concerns for the environment and social issues are on the rise. People want the best for their children. A socially responsible corporate image will be the advertising strategy of the 1990s.

Although the family will be back in style again, it will be a very different family. Househusbands will be as common as housewives. This is the generation of professional women—doctors, lawyers, and business people not wanting to give up a satisfactory career, with husbands who recognize the status of their wives' earning power. Two-career families will also be prevalent. Household duties such as meal preparation, shopping, and picking up the dry cleaning are just as likely to be carried out by males as females. Therefore, purchasing household goods and services will be more of a collective decision than it was in the 1960s.
The Immigrant

The third major force to change our decision-making environment is the immigrant, especially the Asian immigrant. Due to a low birth rate among North American women, immigration is a necessity for continued economic growth. Without immigration, our population would actually be decreasing. By the year 2000 there will be 10 million Asians in the United States. In 1985, Asians accounted for 41 percent of all new arrivals in Canada. With 1997 fast approaching, more and more residents of Hong Kong are expected to immigrate to the United States and Canada. The influence of the Asian culture to our marketplace will be felt far and wide. Asians are two to three times as likely to hold a college degree as the average American adult. They are also more likely to hold positions as managers, executives, or professionals. Among the Japanese, Chinese, and Filipinos, average family income already exceeds that of whites.

In San Francisco during the past 15 years, Asians have more than replaced whites. Today 41 percent of the Chinese in that city own their own homes. The cultural values and living style of the Asians contribute to this factor. Extended families living together are the norm. Grandparents, parents, and children all share the same home. The group is cohesive and the elders most respected. Their shopping behavior reflects their living behavior, as the Chinese prefer shopping in large family groups. Buying decisions are finalized by the family elders. This collective decision making is cultural but extensive.

Hispanics, another group with emerging influence, also spend relatively more of their free time shopping with their extended families rather than alone. Choosing what to buy is another collective decision.

The influence of the Asian and Hispanic cultures will make us focus more on the opinion leader and the consensus of the group to purchase. Sales pitches will be made not to individuals but to groups. The product will now benefit the group and group relations rather than the individual person. Marketers will have to change their selling strategy to appeal to the decision style of the extended family.

The collective behavior of tomorrow’s consumer will be shaped by three major forces of the population. First, the elderly will be the fastest-growing segment, and they will need help from their families and the government to provide goods and services for a comfortable existence. Financial and psychological responsibility will cause consumer decisions to be made by the caregiver as well as the care receiver. Second, the aging of the baby boomer, the static corporate structure, and the shift from needs to experiences will induce the baby boomers to be more aware of how their consumption affects the environment and each other. Third, the vast numbers of Asian immigrants bring to North America a new life-style that emphasizes an extended family with great respect for the elder members. Three generations of families may live under one roof, and decisions about what to buy for the household will be collective ones with major input from the grandmothers and grandfathers.

We are on the verge of a more collective consumption style and hence a more collective style of decision making. We will acknowledge that the individual’s consumption affects the total environment. Since we want that environment to be a healthy one, we will be more willing to investigate the consequences of our consumption and change our consumption habits to benefit the group. It is the recognition that only through working together collectively will individuals make a difference to better their life-style.

References


Judith Lynne Zaichkowsky is an associate professor of marketing at Simon Fraser University, Burnaby, British Columbia.